

Message Text

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73

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-02 PA-02 PRS-01 USIA-15 SAJ-01 /100 W

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R 231555Z JAN 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 9162

INFO USMISSION EC BRUSSELS

AMCONSUL MILAN

AMCONSUL NAPLES

USMISSION OECD PARIS

UNCLAS ROME 1017

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: REDUCTION IN ITALIAN INTEREST RATES

REF.: A. ROME 0649 DATED JANUARY 16, 1975

B. ROME 17666 DATED DECEMBER 24, 1974

PASS TREASURY AND FRB

1. ITALIAN BANK CARTEL CONSISTING OF 14 MAJOR BANKS HAS NOW AGREED TO LOWER INTEREST RATES ON DEPOSIT ACCOUNTS EVEN BELOW RATES INITIALLY ANNOUNCED ON JANUARY 22 BY SMALLER GROUP OF LARGEST BANKS (REF A). THIS NEW ACCORD, EFFECTIVE IMMEDIATELY, PROVIDES FOR FOLLOWING:

A. MAXIMUM INTEREST RATE TO BE PAID FOR SAVING ACCOUNTS FROM MAJOR DEPOSITORS: 15 PERCENT;

B. MAXIMUM INTEREST RATE TO BE PAID FOR DEMAND DEPOSITS FROM MAJOR DEPOSITORS: 14 PERCENT;

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C. INTERESTS RATES CURRENTLY APPLIED TO EXISTING SAVINGS AND DEMAND DEPOSITS OF MINOR DEPOSITORS WILL BE REDUCED BY 2 PERCENT ON OR BEFORE JANUARY 31, 1975;

D. CURRENT INTEREST RATES APPLIED TO FIXED TERM TIME DEPOSITS SHALL REMAIN IN EFFECT UNTIL MATURITY. REQUESTS FOR RENEWAL OR FOR NEW TIME DEPOSITS NORMALLY SHALL BE AT INTEREST RATES AT LEAST 2 PERCENT LOWER THAN RATES IN PARA (A) AND (B) ABOVE (I.E., NOT IN EXCESS OF 12-13 PERCENT);

E. INTER-BANK DEPOSITS AMONG 14 BANKS WILL CARRY INTEREST RATES NOT EXCEEDING 14 PERCENT, EFFECTIVE FEBRUARY 1, 1975.

2. ABOVE PROVISIONS CONTAINED IN AGREEMENT REACHED BY 14 LARGEST ITALIAN BANKS WILL BE BROUGHT TO ATTENTION OF ITALIAN BANKING ASSOCIATION IN ORDER TO SEEK ACCEPTANCE OF THESE RATES BY OTHER SMALLER ITALIAN BANKS.

3. AGREEMENT BY BANKS WAS REACHED RELUCTANTLY AFTER APPROACH BY MANAGEMENTS OF BANKS TO BANK OF ITALY GOVERNOR CARLI REQUESTING BOI TO SET MAXIMUM INTEREST RATES TO BE PAID TO DEPOSITORS WAS UNSUCCESSFUL.VOLPE

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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Margaret P. Grafeld
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05 JUL 2006

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